

The complaint

Mr S complains about the closure by Melton Mowbray Building Society (Melton Mowbray) of a savings account (the Account) belonging to an unincorporated association - which I'll refer to as G.

What happened

In January 2022, the Account was opened on behalf of G.

In September 2023, in line with their regulatory obligations, Melton Mowbray began reviewing the Account, and to that end wrote to G asking for various items of information.

On 27 October 2023, Mr S responded to the society by email saying, he was having difficulty providing some of the information being requested as it seemed to be aimed more towards a business rather than an unincorporated club/society. Mr S also told Melton Mowbray that G was in the process of electing a new Chair and so it was likely to take a bit more time to send some of the information they were asking for.

On 30 October, Melton Mowbray wrote again to G, largely along the same lines as in September. They told G that following a routine review of the Account, they identified that some of the information they were holding may be out of date or incomplete. Once again, the society enclosed a form for G to complete and they gave G a list of information the society needed. The letter added:

"It is a legal requirement for us to hold up to date and accurate information about you, so it is important that we hear back from you.

If we do not hear back from you by 23 November, a freeze will be placed on your account, which means that you will not be able to access your funds until we receive updated information".

On 5 December, the Society sent G a closure notice in respect of the Account. It said:

"As we do not hold up to date and relevant information about your account.... the account cannot continue to operate; therefore, a freeze has been placed on the account, which means you cannot make withdrawals on the account.

We are also providing you with notice that your account will be closed on or shortly after 5th January 2024, in line with the account terms and conditions.

Next steps

To avoid the account being closed, please complete, and return the enclosed Information form, along with the supporting documentation relevant to you, as listed in the enclosed corporate identification leaflet".

On 10 December, Mr S chased Melton Mowbray for a response to his 27 October e-mail.

And on 12 December, the society replied to Mr S. It apologised for failing to reply to his email. The email added:

"I can confirm that the stop on your account has now been lifted, whilst we work with you in providing us with up-to-date information.

I note from your email that [G] was going through the process of electing a new Chair. Can you confirm if this has now been completed.

In order to fulfil our requirements, can you please complete the Information form we have provided you with or as much information as you can. We appreciate that not all of the fields may be relevant to [G] such as a trading address or registration number."

On 13 December, Mr S responded to the society saying he'd filled in the same form G had been sent when, in 2022 the Account was opened. He said he was unsure therefore, why he was being asked to do so again.

In a follow up email sent to Melton Mowbray on 14 December, Mr S told the society that he suspected that by asking for information about their accounts and banking habits, the society was targeting accounts belonging to small clubs and societies to see if they were profitable. He asked for an explanation as to why the society was doing that.

On 15 December, the society responded to Mr S at length. It denied it was acting in the way Mr S suggested and once again set out in detail the information it required from G and why it was needed.

On 15 January 2024, the society closed the Account and sent the closure cheque to Mr S. But the society later reversed that decision by re-opening the Account and cancelling the cheque. G then resumed its use of the Account.

However, Mr S complained to the society because he didn't think they'd acted fairly. He was unhappy about the delay responding to his 27 October 2023 email. And he said the society closed the Account despite the fact that he was in ongoing communication with it regarding the information it had asked for. Mr S wanted a written apology, £5,000 in compensation and an undertaking from the society to overhaul its processes.

Melton Mowbray acknowledged they did delay responding to Mr S' email of 27 October but nonetheless pointed to their apology. They said it was this error that led to its decision to reopen the Account.

That aside the society didn't think it had done anything wrong. Not least because in the circumstances of this case, it argued that it was carrying out its legal and regulatory function which required contacting customers to ensure that the information it held for them is accurate and up to date.

Although it also acknowledged Mr S did let the society know about the election of a new chair and consequently needed time to provide the information requested, it said the exchanges of correspondence with Mr S in December 2023 was aimed at supporting him in getting this information to the society. In other words, that it was not intended to bypass the deadline set in the 5 December 2023 letter. And as that deadline was not met, the Account was closed on 15 January 2024.

G's complaint remained unresolved, however, and so, Mr S referred it to this service to look into.

Our investigator did so but she wasn't persuaded to uphold the complaint. In summary, she concluded that although there was some delay on the society's part when communicating with Mr S, for which it apologised, nonetheless she didn't believe G was significantly impacted.

Mr S didn't agree with the investigator's conclusions and asked for an ombudsman to review the complaint. He said – in summary.

- The investigator didn't consider why Melton Mowbray wanted to transfer the Account from a deposit account to their Club & Community Savings account. Especially, given that the methods they attempted to use were dubious, deceitful and possibly fraudulent.
- Although the investigator found that the society made errors, she nonetheless concluded they had no financial impact on G. But it doesn't appear she considered that issue specifically. So, it is unclear how she arrived at that conclusion.
- Furthermore, she didn't think stress, worry and reputational damage had any bearing on the outcome of the complaint, which is unfair.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Where the evidence is incomplete or inconclusive (as indeed some of it is here) I reach my decision on the balance of probabilities – in other words, what I consider is most likely to have happened in the light of the available evidence and the wider circumstances.

I start by saying that since they are strictly regulated, financial businesses in the UK such as Melton Mowbray are required to carry out certain actions in order to meet their legal and regulatory obligation. That involves conducting ongoing checks and the monitoring of new as well as existing relationships.

In relation to G, the society chose to carry out such checks in September 2023. And to that end as noted above, it first wrote to G on 29 September 2023 requesting the completion of the form it enclosed. In the circumstances, I don't think Melton Mowbray did anything wrong when they decided to conduct a review of the Account and requested information from G to help them do so.

That being said, as also noted above, Melton Mowbray acknowledged there was poor service by them in that process. In particular that they delayed responding to Mr S' 27 October email. The society did not engage with Mr S' email until 12 December 2023 but continued to send correspondence to G on 30 October and 5 December 2023 along the lines I've already noted.

Mr S has told us he wants an apology from the society for its poor service and Melton Mowbray have done so. I'll return to consider whether the society needs to do more to put things right. But first I'll deal with the closure of the Account.

Did Melton Mowbray act unfairly when they closed the Account.

For me to require Melton Mowbray to compensate G for this as Mr S would like me to do, I'd need to find that the society had made an error by closing the Account or otherwise acted unreasonably – and I don't think it did. I'll explain why.

I've considered Mr S's submission that at the time the closure took place, he was in discussions with the society regarding the information it needed. But I think throughout their correspondence with G, Melton Mowbray made clear the information they needed and in particular why they needed it. In other words, that it was in order for them to discharge their legal and regulatory obligations. The 29 September letter mentioned this, as did the 30 October and 5 December 2023 correspondence.

But despite what he'd been told, Mr S' email to the society dated 14 December, shows that he had doubts about the society's motives in asking for the information. It seemed Mr S suspected Melton Mowbray of unfairly targeting accounts belonging to small clubs and societies because of concerns regarding their profitability. Mr S' correspondence does not suggest he was actively cooperating with the society to provide the information it had asked for.

I'm satisfied that the society's detailed response to Mr S' 14 December email, again made clear the reasons behind its information request. And once again it set out in detail the information the bank needed. Mr S did not provide the information. In light of that omission, and Melton Mowbray's 5 December letter, I'm unable to conclude the society did anything wrong when, it closed the Account - even though it subsequently reversed that decision.

I've noted Mr S concern that the investigator didn't look into whether G suffered any financial loss arising from the errors made by the society. But I wouldn't expect her to do so in circumstances where, as in this case, she concluded the society did nothing wrong when it closed the Account. Besides, in Mr S' submission to this service he acknowledged that financially the impact was minimal. By contrast, he explained that the real impact was largely the personal stress and worry that he had to endure as a result of these events. I am sorry to hear that.

But I would add Mr S is a private individual. Unlike G, he is not himself a customer of the society. So, I'm unable to recommend he be compensated personally by Melton Mowbray.

Does Melton Mowbray need to do anything more to put things right for G

As noted above, everyone agrees that Melton Mowbray delayed responding to Mr S' 27 October email. But I agree with the investigator that there is no clear evidence that G, the society's customer was materially inconvenienced by that delay. It follows there is no reasonable basis for me to require the society to pay it compensation.

apology to G

I'm satisfied Melton Mowbray have already apologised to G for their delay. They did so in their email dated 12 December 2023 which was the right thing to do. A further apology was given in the society's final response letter dated 14 March 2024. I don't think it's reasonable to require Melton Mowbray to apologise again. In any case, the society took the further step of reopening the Account, when in my opinion, since it hadn't acted wrongly in the first place, it wasn't obliged to do so.

Other matters

Mr S has said the society wanted to transfer the Account from a deposit account to their club & community savings account by, he said, dubious, deceitful and possibly fraudulent means.

But I've seen no evidence to support Mr S' assessment of how the society acted. When the society first wrote to G on 29 September it explained that it was working on a new range of products specifically for clubs and societies and would be in touch with further details of these accounts once they become available.

I do not think there's anything untoward in that announcement. And in any case the society is entitled to use its own commercial judgement to decide the products it is willing to introduce to its customers and the ones to withdraw. As ombudsman it is not my role to interfere with the legitimate exercise of that discretion. Ultimately, if G is unhappy with any alternative account proposed by the society to replace the Account, it would be entitled to end its relationship with the society and take its business elsewhere.

I acknowledge that Mr S will be very disappointed with my decision. But having taken all the evidence into account, I've not been persuaded that the society made any errors that materially impacted G.

My final decision

For the reasons already explained above, my final decision is I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask G to accept or reject my decision before 13 February 2025.

Asher Gordon
Ombudsman